GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1563
ANSWERED ON:27.02.2003
WORLD BANK LOAN TO POWER GRID CORPORATION
CHANDRA BHUSHAN SINGH

Will the Minister of POWER be pleased to state:

(a) whether Power Grid Corporation of India faces the danger of loosing 117 millionU.S. dollar sanctioned by the World Bank due to in-ordinate delay in finalization of contracts;

(b) if so, the reasons for delay of the contracts;

(c) whether the World Bank has set any deadline for the Power Grid Corporation to finalise the contracts; and

(d) if so, the present status of the above contracts and the said loan?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) to (d) : PGCIL signed an agreement with World Bank on 13th June, 2001 for aloan of US$ 450 million (Power System Development Project-II) for implementation ofvarious schemes which included a loan of US$ 117 million for Establishment of a Backbone Telecom Network. While the other schemes for which the loan has been approved by the World Bank are under implementation by PGCIL, the scheme for Establishment of Backbone Telecom Network is at advanced stage of investment approval. In the meanwhile, World Bank intimated PGCIL that if the decisions forinvestment approval of the project and award of contracts for the telecom component of the Power System Development Project-II are not taken by 31st January, 2003, the Bankwould not be able to agree to extension of the bid validity for the said packages, which would mean that the contracts in question would not be financed by the Bank and the corresponding amount would be cancelled from the loan. However, the bank has been informed that the issues relating to the telecom project of PGCIL have been successfullyresolved and the investment approval is expected shortly. PGCIL will be able to award the contracts for this project as soon as the investment approval for the project is issued.